DYNASTY
Since 1980

Dynasty Fine Wines Group Limited
王朝酒業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 828)

BUSINESS OPERATIONS UPDATE AND PROFIT WARNING

This announcement is made by Dynasty Fine Wines Group Limited (the "Company", which together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements (the "**Announcements**") of the Company dated 14 March 2013, 22 March 2013, 26 March 2013, 30 April 2013, 31 May 2013, 28 June 2013, 31 July 2013, 21 August 2013, 30 August 2013, 25 September 2013, 8 October 2013, 31 October 2013, 29 November 2013, 31 December 2013, 28 January 2014, 28 February 2014, 27 March 2014, 28 April 2014, 30 May 2014, 30 June 2014, 31 July 2014, 29 August 2014, 30 September 2014, 31 October 2014, 26 November 2014, 31 December 2014, 30 January 2015, 27 February 2015, 31 March 2015, 16 April 2015, 30 April 2015, 29 May 2015, 30 June 2015, 14 August 2015, 31 August 2015, 30 September 2015, 23 October 2015, 26 November 2015, 15 December 2015, 29 January 2016, 1 March 2016, 31 March 2016, 3 May 2016, 30 June 2016, 2 August 2016, 31 August 2016, 31 October 2016, 3 January 2017, 3 March 2017, 19 April 2017, 12 May 2017, 23 August 2017, 30 November 2017, 29 December 2017, 8 January 2018, 31 January 2018, 28 February 2018, 29 March 2018, 20 April 2018, 21 May 2018, 29 June 2018 and 31 July 2018. Capitalised terms used herein shall have the same meaning as those defined in the Announcements unless the context otherwise requires.

BUSINESS OPERATIONS UPDATE

The Group is principally engaged in the production and sales of red wines, white wines and other products including sparkling wines, brandy and ice wine. The business operation of the Group is mainly carried out in the PRC.

Based on the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2018, the total revenue of the Group amounted to about HK$166 million (2017: HK$236 million). Sales of red wines continued to be the primary revenue contributor of the Group and contributed approximately 78% (2017: 64%) of the Group's total revenue for the six months ended 30 June 2018. Sales of white wines and other products contributed approximately 21% and 1% (2017: 35% and 1%) of the Group's total revenue for the six months ended 30 June 2018, respectively. As of 30 June 2018, the total assets of the Group amounted to approximately HK$812 million (as at 31 December 2017: approximately HK$909 million).

As disclosed in the announcement dated 23 July 2018, Sino-French Joint-Venture Dynasty Winery Limited, a wholly-owned subsidiary of the Company, entered into the Asset Transaction Agreement with Tianjin Yiyang Big Health Small Township Development Co., Ltd. (天津頤養大健康小鎮建設開發有限公司) to sell the land use rights and aboveground buildings covering a chateau and the related facilities ("**the Assets**") at the consideration of RMB400 million, subject to the approval by the shareholders of the Company under Chapter 14 of the Listing Rules. The estimated net proceeds from the transfer of the Assets amount to approximately RMB312 million which will be applied as to approximately RMB150 million for repayment of the Group's borrowings and as to approximately RMB162 million for general working capital purpose.

PROFIT WARNING

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2018, it is expected the Group would record an increase in unaudited consolidated loss for the six months ended 30 June 2018 by approximately 20% as compared to the unaudited consolidated loss for the six months ended 30 June 2017, subject to potential adjustments following further internal review. Such increase was primarily attributable to the decrease in revenue and gross profit as compared to the six months ended 30 June 2017. The decrease in revenue for the six months ended 30 June 2018 was mainly due to the deteriorating operating condition for certain distributors in Eastern and Southeast regions of the PRC during the reporting period. To cope with this, the Company has taken measures to select new distributors and established new channels in these regions.

The Company is still in the process of preparing and finalising the results of the Group for the six months ended 30 June 2018. The information contained in this announcement is a preliminary assessment made by the Board based on the draft unaudited consolidated management accounts of the Group for each of the six months ended 30 June 2017 and 2018 and the information currently available to the Group, and such accounts and information have not yet been reviewed and approved by the Company's audit committee and auditor. The actual results of the Group for the six months ended 30 June 2018 may be different from what is disclosed herein.

Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the six months ended 30 June 2018 which is expected to be issued by the end of September 2018, shortly after the publication of the 2017 Interim Results.

SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 22 March 2013 and will remain suspended until further notice.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
DYNASTY FINE WINES GROUP LIMITED
Sun Jun
Chairman

Hong Kong, 8 August 2018

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Sun Jun, Mr. Li Guanghe and Mr. Sun Yongjian, five non-executive Directors, namely, Mr. Heriard-Dubreuil Francois, Ms. Shi Jing, Mr. Jean-Marie Laborde, Mr. Wong Ching Chung and Mr. Robert Luc, and three independent non-executive Directors, namely, Dr. Zhang Guowang, Mr. Yeung Ting Lap Derek Emory and Mr. Sun David Lee.